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IN THE

Supreme Court of the United States.

October Term, 1933. No. 709.

EASTMAN KODAK COMPANY, EASTMAN KODAK COMPANY OF NEW YORK AND EASTMAN KODAK STORES, INC.,

Petitioners,

v.

CHARLES B. GRAY,

Respondent.

BRIEF FOR RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

I. STATEMENT OF THE CASE.

This was an action at law to recover damages for infringement of a patent covering a "power transmitting mechanism" or "cable release" for actuating the shutter of a camera. Respondent's invention consisted in enclosing a small closely coiled spring within a slightly larger open coiled spring surrounded by a cloth jacket, the whole forming a combination which, while capable of transmitting power by a thrust on the inner spring, was perfectly flexible and a great advance over any previous release.

After applying for a patent but before any action by the Patent Office, respondent disclosed his invention to peti-

tioner and sent it a sample of his release. The sample was returned by petitioner in a dismantled condition, with a letter in which the statement was made that the release was identical in practically every respect with the release which the petitioner had been marketing for some time, and that the petitioner was perfecting patents to cover its construction (Book of Exhibits, p. 9).

Both of these statements were incorrect. The type of release which petitioner was then manufacturing was quite different from that of respondent, and admittedly less useful. The patent application then being prosecuted by petitioner did not cover respondent's construction.

Respondent proceeded with his patent application and Patent No. 1,314,867 was duly granted. Within a year after his disclosure to petitioner, respondent discovered that petitioner was using the device covered by his patent and it is admitted that at or about that time petitioner discarded other forms of release, including that covered by its most recent patents, and has since manufactured releases of the type covered by respondent's patent in large quantities, to the exclusion of substantially all others.

Petitioner admitted infringement but alleged respondent's patent was invalid.

The case was tried before a jury, resulting in a verdict in favor of respondent. Thereafter, the Trial Judge on motion of petitioner set the verdict aside, on the ground that he found his instructions to have been inadequate (R. 196).

The facts so far as related to the question of the validity of the patent being entirely undisputed, and in order to avoid the expense of a retrial of the case, respondent agreed with petitioner that the case might be submitted to a Judge

of the District Court on the record already made for his decision on the questions involved (R. 197).

Pursuant to this arrangement, the parties argued the case on the record already made before a Judge of the District Court other than the one who had tried the case. In due course the said Judge rendered his opinion, in which he made certain statements of fact (which he said "might be taken as findings of fact" (R. 204) not excepted to by either party, and reached five conclusions of law based on these facts, holding in effect that respondent's patent was invalid, and directed that judgment should be entered in favor of petitioner (R. 205).

Respondent sealed a bill of exceptions to the said conclusions of the court and to its order entering judgment in favor of the petitioner, and thereupon took an appeal to the Court of Appeals for the Third Circuit, which reversed the judgment, held respondent's patent to be valid and infringed, and directed that the case be returned to the court below in order that damages might be assessed.

Petitioner filed a petition for a rehearing, reiterating at considerable length technical objections raised by a previously filed and overruled motion to dismiss the case, which petition for rehearing was in due course refused. Petitioner thereupon filed its petition with this Court.

SUMMARY OF ARGUMENT.

It is respectfully submitted that the petition should be dismissed.

1. No final judgment has been rendered in the Court below. The Court of Appeals decided that the case should be sent back to the District Court for the assessment of damages. No damages have as yet been assessed. When assessed, they may be so reasonable in amount that petitioner will not find it desirable to carry the case further.

2. No reason has been alleged in the petition which should lead this Court to exercise its discretionary power and to assume jurisdiction of this case. There is no decision by any other court on the same matter. No constitutional question is raised. No question of public importance is involved. Nothing has been urged except that petitioner thinks the case was wrongly decided on certain technical points. It is not even argued that the case was wrongly decided on the merits and it is not now denied that petitioner wrongfully appropriated and used respondent's invention after it had been disclosed to it in good faith, and that this wrongful appropriation was made under cover of untrue statements calculated to mislead respondent into abandoning his claims.

3. The contention of petitioner, that the Court of Appeals on the record before it could not correct the errors of the court below, is without foundation either in fact or law.

ARGUMENT.

1. No Final Judgment Has Been Rendered in the Court Below. The Court of Appeals Decided That the Case Should Be Sent Back to the District Court for the Assessment of Damages. No Damages Have as Yet Been Assessed. When Assessed, They May Be so Reasonable in Amount That Petitioner Will Not Find It Desirable to Carry the Case Further.

This Court has held that where there is no final judgment in the court below, it will not ordinarily assume jurisdiction of the case.

In *American Construction Company v. Jacksonville, Tampa and Key West Railway Co.*, 148 U. S. 372, this Court said (p. 384):

> ". . . Clearly, therefore, this court should not issue a writ of *certiorari* to review a decree of the Circuit Court of Appeals on appeal from an interlocutory order, unless it is necessary to prevent extraordinary inconvenience and embarrassment in the conduct of the cause."

There is nothing to indicate that there would be any extraordinary inconvenience and embarrassment in the conduct of this cause if this Court should at this time decline to allow the record to be brought before it for review.

In *Forsyth v. Hammond*, 166 U. S. 506, this Court said (p. 514):

> "We have declined to issue writs of certiorari in cases where, there being only a matter of private inter-

est, there had been no final judgment in the Court of Appeals. . . ."

In *Hamilton-Brown Shoe Co. v. Wolf Brothers & Co.*, 240 U. S. 251, in which the case, as in the present one, had been sent back to the court below for the assessment of damages, this Court said (p. 258):

> "The decree that was sought to be reviewed by certiorari at complainant's instance was not a final one, a fact that of itself alone furnished sufficient ground for the denial of the application; . . . "

This case is peculiarly one in which this rule should be applied. The petitioner has not as yet been damaged at all. The damages when assessed may be fixed at such a sum that no appeal will be taken by petitioner and this Court will thus be spared the labor of considering the case.

2. No Reason Has Been Alleged in the Petition Which Should Lead This Court to Exercise Its Discretionary Power and to Assume Jurisdiction of This Case. There Is No Decision by Any Other Court on the Same Matter. No Constitutional Question Is Raised. No Question of Public Importance Is Involved. Nothing Has Been Urged Except That Petitioner Thinks the Case Was Wrongly Decided on Certain Technical Points. It Is Not Even Argued That the Case Was Wrongly Decided on the Merits, and It Is Not Now Denied That Petitioner Wrongfully Appropriated and Used Respondent's Invention After It Had Been Disclosed to It in Good Faith, and That This Wrongful Appropriation Was Made Under Cover of Untrue Statements Calculated to Mislead Respondent Into Abandoning His Claims.

Discussion is unnecessary to demonstrate that there is nothing of a public nature involved in this case, and we respectfully suggest to the Court, that its discretion should not be exercised in a case in which admittedly the petitioner is in the wrong, and relies solely on technical points to sustain its application to this Court. So far from contesting the decision of the Court of Appeals as to the validity of the patent, petitioner for the first time expressly concedes novelty over the prior art (Petitioner's Brief, pp. 14-15).

As pointed out in the statement of the case, respondent in good faith disclosed his invention to petitioner, sending it a sample of his release; this was returned to respondent by petitioner with a letter (Book of Exhibits, p. 9) in which two statements are contained which the record shows were untrue. The first was that the release which respondent had invented was "identical in practically every respect with a

release which petitioner had "been marketing for sometime"; and the second was that "we are perfecting our patents *covering this construction*": (Italics ours.)

The patents in question did not cover the construction of the respondent's device, and the release which petitioner was marketing was not the same nor practically the same as the Court of Appeals decided in a decision the merits of which petitioner does not now contest.

Even if the technical questions raised were well taken (which is denied), it is respectfully submitted that the discretion of this Court should not be exercised where there is no pretense that the decision on the merits of the case was erroneous.

That the averments made in this petition are not such as to justify the granting of the certiorari under the previous decisions of this Court is clear. We refer the Court to the following cases where the matter has been discussed:

American Construction Co. v. Jacksonville, Tampa & Key West Railway Co., 148 U. S. 372, 384-386;

Layne & Bowler Corp. v. Western Well Works, Inc., et al., 261 U. S. 387;

Magnum Import Co., Inc. v. Coty, 262 U. S. 159;

Southern Power Co. v. North Carolina Public Service Co., 263 U. S. 508;

Keller, et al. v. Adams-Campbell Co., Inc., et al., 264 U. S. 314.

6. The Contention of Petitioner, That the Court of Appeals on the Record Before It Could Not Correct the Errors of the Court Below, Is Without Foundation Either in Law or Fact.

In dealing with this portion of petitioner's argument, we shall take each contention as advanced in its argument and briefly reply to the same.

(a) The first point (Petitioner's Brief, p. 13) is that the Court of Appeals erroneously held that whether invention or mere mechanical skill had been exercised by respondent in devising the release covered by his patent was a matter of law, which the Court could determine, there being no dispute as to the facts.

The decision of the Circuit Court of Appeals holding it had the right in this case to review the question of invention as a matter of law, instead of being out of harmony with any decisions of this Court, is in full accord with the principles laid down by this Court not only in the cases referred to by the Circuit Court of Appeals but in other cases as well, as in *Mahn v. Harwood,* 112 U. S. 354, 358, in which this Court held that whether the thing patented amounts to a patentable invention is a question of law. Probably the latest pronouncement by this Court of the principle involved is in *Sanitary Refrigerator Co. v. Winters,* 280 U. S. 30, 36, in which it was held that the question of infringement, which is more akin to a question of fact than is the question of invention, upon the undisputed evidence resolves itself into a question of law.

The principle followed by the Circuit Court of Appeals in this case has been generally approved by other Circuit Courts of Appeal, as in *Prepayment Car Sales Co. v.*

Orange County Traction Co., 221 Fed. 939 (C. C. A. 2d Circuit); *Brothers v. Lidgerwood Mfg. Co.*, 223 Fed. 359 (C. C. A. 2d Circuit); *Automatic Pencil Sharpener Co. v. Boston Pencil Points Co.*, 279 Fed. 40 (C. C. A. 1st Circuit); *Burroughs Adding Machine Co. v. Rockford Milling Machine Co.*, 292 Fed. 550 (C. C. A. 7th Circuit); *E. G. Budd Mfg. Co. v. C. R. Wilson Body Co.*, 21 Fed. (2d) 803 (C. C. A. 6th Circuit).

The effort of petitioner to distinguish certain of the cases cited by the Court below on the ground that they relate to questions of identity of patents or infringement rather than to questions of invention or anticipation, cannot succeed. The nature of the function of the Court in reaching a conclusion upon any of these issues, where the facts are known and admitted, is essentially the same. The quotation in Petitioner's Brief, page 15, from *Thompson Spot Welder Co. v. Ford Motor Co.*, 265 U. S. 445, is quite beside the point when applied to this case. *Of course,* whether an improvement requires mechanical skill or the exercise of the faculty of invention involves questions of fact in the first instance and so continues where there are disputed questions of fact as there were in both of the cases cited by petitioner. But where the facts regarding the matter are all admitted and the only function of the Court is to draw conclusions, the question becomes one of law as has been repeatedly determined in the cases above cited. In this connection, the Circuit Court of Appeals said (R. 219-220):

> "In substance, the trial was a quasi-demurrer. No witnesses were examined. On final hearing neither party asked for any special findings of fact, for there were no disputed facts. The trial Judge holding the patent did not involve invention, directed 'judgment may be entered for the defendant.' Thereupon the

plaintiff took, and the Court sealed, 'this bill of exceptions to the ruling, opinions and action of said Court,' and thereafter granted the appeal the parties had stipulated.''

(b) The next contention made in Petitioner's Brief is that the Circuit Court of Appeals does not have the power to review conclusions of law ''*embodied in general findings*'' made by the trial court.

The difficulty with this contention is that it is based upon a false premise and the argument has no application at all.

It assumed that the District Court made no special findings, which is incorrect. The only basis for the argument that the court made no such findings is the fact that its findings were stated at the end of its opinion rather than on a separate sheet of paper. They are clearly special, not general (R. 205) and are followed by a general finding for defendant. The fact that these findings were not stated in a separate paper is of no importance as the courts have repeatedly held.

People's Bank of Keyser, W. Va. v. International Finance Corporation, 30 F. (2d) 46;

Mayes v. Paul Jones & Co., 270 Fed. 121;

P. H. & F. M. Roots Co. v. United States, 17 F. (2d) 337.

As the Court of Appeals said in its opinion, there were no disputed facts in this case. The District Court near the close of its opinion said (R. 204):

''The statements of fact contained in this opinion may be taken as findings of fact. If separate findings of fact are desired the parties may submit requests in accordance herewith.''

The statements of fact, which were contained in the opinion of the court were all correct, as both parties admitted, and there was therefore no necessity for any special findings or exceptions. The court then proceeded to state his conclusions from the admitted facts in serially numbered paragraphs (R. 205), and it was these conclusions which were challenged by respondent in the Court of Appeals.

It follows that the second point made by petitioner has no validity because based on the erroneous assumption that there were no special findings made by the court below.

(c) The third contention of petitioner is that the Circuit Court of Appeals could not upon the record as here existing review the findings of the trial court to determine whether there was any evidence upon which they could be based.

This contention also has no fact basis to support it. As there was no dispute as to the facts, there was no occasion for a review of the evidence. Respondents' complaint to the Court of Appeals was that the District Court had drawn erroneous conclusions and had reached a decision not in accordance with law upon the admitted facts. Proper exceptions were taken to these rulings and they were properly assigned as error (R. 205, 209).

It seems almost ludicrous to argue that the Court of Appeals had no power to correct an error of law appearing on the face of the record. Such errors can be corrected even if not excepted to or assigned as error.

Denver v. Home Savings Bank, 236 U. S. 101, in which this Court said (pp. 103-104):

> "... The Circuit Court of Appeals declined to consider the correctness of this ruling because no ex-

ception was taken to it. But no exception or bill of exceptions is necessary to open a question of law already apparent on the record and there is nothing in the record that indicates a waiver of the defendant's rights. Therefore we must consider the merits of the defence. *Nalle v. Oyster,* 230 U. S. 165."

Mahler v. Eby, 264 U. S. 32;

Baltimore & Ohio Railroad Co. v. McCune, 174 Fed. 991.

The argument of petitioner (Petitioner's Brief, p. 19) that whether

> "there was substantial evidence to sustain the findings of a trial judge in cases tried without a jury is a question of law arising in the progress of the trial and is reviewable only when a ruling on that specific question is obtained during the progress of the trial"

is particularly inept in view of the fact that in this case the parties agreed to argue the questions at issue before the court on a record which had already been made and when it could not be known what the rulings of the court would be on the points mentioned until after the argument and of course long after the trial, which had already taken place. It would be obviously impossible to "take exceptions during the trial of the case" to rulings which were not made until after the case was ended. Further, as has been said, there was no question of evidence involved—only whether the District Court had reached proper conclusions under the law and admitted facts.

We confess our inability to follow the reasoning of petitioner on this point.

(d) The final contention advanced by petitioner is that the court below erred in holding that there was nothing in

the record which would sustain the conclusion of the District Court that the improvement in the art devised by respondent did not involve invention.

In complaining of this ruling the petitioner argues (Petitioner's Brief, p. 20):

> "The ultimate response to the question whether a patentee has performed an inventive act must always be based upon a comparison of the alleged invention with what was in the prior art and ascertainment of the differences between them.
>
> "When facts which enable a court to make that comparison and ascertainment are fully established by evidence about which there is no dispute, a court has before it the proper basis for forming a judgment upon the issue of invention, and its decision, even though erroneous, cannot properly be characterized as unsupported by any evidence."

The sole basis of this criticism is a sentence in the opinion of the Court of Appeals, in which (referring to the opinion of the District Judge, holding respondent's invention disclosed no improvement in the art) it was said (R. 226):

> "Not only has this expression of opinion no testimony in the record to support it, but"

evidence produced by the defendant itself shows the contrary.

The Court of Appeals was strictly accurate in its statement that there was no testimony in the record to support this expression of opinion by the District Court. The Court of Appeals did not hold, as petitioner argues, that there was nothing in the record which would warrant a conclusion being reached by the District Court on the question of invention.

The Court of Appeals pointed out that had the case been tried before a jury, it would have been the duty of the trial Court to instruct the jury to find the patent valid and infringed, and continued

> "that jury trial was waived in no way changed this question of law into one of fact or prevents this Court from reviewing the action of the trial Judge in holding this patent invalid" (R. 233).

The Court of Appeals did not hold, as argued, that the evidence on the record failed "to furnish a proper basis for determining the issue of invention". What it did hold was that the District Court, upon the undisputed facts, had reached a wrong conclusion and it was this conclusion which was corrected by the Court of Appeals.

Conclusion.

It is respectfully submitted that the petition for a writ of certiorari should be refused.

Respectfully submitted,

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